IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Richard L. Bruner   Kathleen Kohorst   Timothy L. Lapointe   Mary Mosiman
CHAIR   Kelly Dolan Lange   Robert F. Holz   Robert von Wolffradt

Philip Groner, Acting Executive Director   Governor Kim Reynolds   Lt. Governor Adam Gregg

Iowa Telecommunications & Technology Commission
Grimes State Office Building, 1st Floor
400 E. 14th Street, Des Moines, IA 50319
FINAL
February 15, 2018

To ensure the most efficient use of State resources, the February 15, 2018 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A video conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance at the Grimes State Office Building.

- **Roll Call:**

  - **Commissioners Present**:
    Richard Bruner, Chair (on-site)
    Kelly Dolan Lange, Member (Zoom video)
    Kathleen Kohorst, Member (Zoom video)
    Bob Holz, Member (on-site)
    Timothy Lapointe, Member (on-site)
    Robert von Wolffradt, Ex-Officio (Zoom phone)
    Mary Mosiman, Ex-Officio (on-site)

  - **Iowa Communications Network Staff Present:**
    Phil Groner, Acting Executive Director
    Deb Evans, Chief Financial Officer
    Mark Johnson, Chief Administration Officer
    Randy Goddard, Business Services Officer
    Mike Cruise, Finance Services Officer
    Dave Marley, Field Services Officer
    Ryan Mulhall, Security Services Officer, Jekard Operations Officer
    Scott Pappan, Carrier Services Officer
    Jontell Harris, Executive Officer 2

  - **Guest Attendees Present:**
    Ray Warner, Aureon
    Caitlin Jarzen, Iowa Communications Alliance (ICA)
    Sean Cory, CenturyLink
    Michael Sadler, CenturyLink

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- **Call to Order:**

  - Chair Bruner called the meeting to order at 10:30 AM. It was noted that a quorum of members was present for the meeting.

- **Approval of the January 18, 2018 Meeting Minutes:**

  - Chair Bruner requested a motion to approve the January 18, 2018 meeting minutes. Commissioner Lapointe moved to approve the minutes. Commissioner Kohorst seconded the motion. The motion passed unanimously.

    Commissioner Holz – Yes
    Commissioner Kohorst – Yes
    Commissioner Lange – Yes
    Commissioner Lapointe – Yes
    Commissioner Bruner – Yes

- **New Business:**

  - **Agency Updates**

    - **Agency Division Update – Deb Evans**

      The ICN is working to complete implementation of the new financial system. A second database instance has been created so that data loads can be imported into the system, tested and validated. The production database that was being used will be reset to blank, awaiting items ready for production. All data loads were scheduled to be completed by February 28, 2018. More work needs to be done to complete and submit the data. The Finance Bureau is working with the Business Services Bureau, as well as customers, to determine if special reports will continue to be provided to certain customers. The ICN has determined how invoices will provide the Universal Service Administrative Company (USAC) discounts and possibly contract discounts to the child accounts. The Customer Relationship Module (CRM) has been reviewed and quotes have been provided. Deb Evans stated that Randy Goddard had additional questions to determine if the module will be included in the financial system. The 470 application deadline is February 22, 2018 and the 471 form deadline is March 22, 2018. As of February 22, 2018, there were over 1,300 form 470 applications submitted. Services that were most generally being requested were transport, cabling infrastructure, internet, firewall and wireless voice services. 2018 is the final year that USAC will fund voice services. In 2017, the ICN was able to respond to nine

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470 applications that requested basic internet with firewall. ICN was awarded 470s for each of those sites. In 2018, it is possible that 20-30 470s will be awarded for the unique combination of services, which is good news for ICN security services. All vendors who responded to the Request for Proposals (RFP) for transport services, which included Ethernet, dark fiber, Multiprotocol Label Switching (MPLS) and all data services, have provided pricing which will be used to provide services to ICN customers. It was recommended to award to all 29 vendors with leadership approval. Of the 29 vendors, the larger vendors are CenturyLink, Windstream, Mediacom, Aureon and AT&T. The remaining vendors are rural Iowa independent telecommunications organizations. The ICN continues to work with the Iowa Rural Health Telecommunications Program (IRHTP) on the award of the RFP for equipment for the network that ICN manages. Evans stated that IRHTP is in the process of filing for USAC funding for IRHTP equipment.

COMMENTS:

LAPOINTE: Could you please explain the phase out of the USAC funding for voice? We have talked for years about a cross subsidization of voice, video and data services.

EVANS: It has been determined that the USAC funding for voice is no longer reasonable across the nation. Our voice funding for USAC is not terribly large. The funding is mostly for long distance. The ICN has customers with bills for $2.50 so the phase out of voice for USAC will not affect the organization very much.

LAPOINTE: What will the general dollar amount be?

EVANS: It is not much.

GODDARD: I can get you that number.

LAPOINTE: It is not a major portion of our budget?

EVANS: No.

GODDARD: No it is not.

LAPOINTE: Will it be made up in data service revenues?

EVANS: It should be made up with our security services.

LAPOINTE: Thank you.

BRUNER: The 1,200 470s, how does that compare to last year?

GODDARD: Last year, I believe the total at the end of the filing period was about 2,000 applications but knowing that the voice services are being phased out, we are seeing fewer applications.

BRUNER: Are the organizations applying for voice aware that voice is being phased out?

GODDARD: Yes they are aware.

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BRUNER: From the dollar standpoint, is it roughly the same? Do we have any sense for that?

GODDARD: As far as the 471s, it is too early to make that determination until we actually get those 471s. The good news is that last year we did not receive 471s until the middle/end of May because the application window was open much longer. It made the forecasting much more difficult. Now we will have the numbers at the end of March. By the next Commission meeting we should have a good idea on the 471s awarded to ICN.

EVANS: That will help us with forecasting for the budget.

BRUNER: Thank you very much.

■ **Financial Report – Mike Cruise**

The January Fiscal Year (FY) 2018 budget to actual showed a net operating margin of -298,157.62, with an operating margin of 11.61%. The margin is close to the budget of -303,801. In comparison to December, where there was a positive margin, a slight decrease in revenue occurred in January due to a large install booked for an Automated Call Distribution (ACD) on Managed Voice Services (MVS) as well as a prepaid 15 year lease through a hospital. Total expenses were low. Also in January, the ICN booked a large maintenance and support agreement for the Juniper project at approximately $150,000. This agreement was added in January. The year to date budget totals were -2,244,388.57 with a -12.42% margin, which is still within 1.3% of the budget. Mike Cruise reminded the Commission that the total FY 18 budget was -3.75 million. The ICN is at approximately 59.7% of the budget, which is on schedule for January. There were no unusual issues to report.

COMMENTS:

LAPOINTE: Thank you for the report. It is easy to understand. In the last meeting we discussed the budget shortfall being made up over the course of a six month period. Are we trending that way? Assuming that it still looks good for the year end projections?

CRUISE: Typically we do, but this year and last year we had a lot of equipment expenditures. We are probably not going to recover at the same rate as we have been just because we are realizing those equipment expenditures that we have not had in the last few years.

LAPOINTE: What are your expectations for making up those short falls?

CRUISE: I think we are going to be where we are at budget wise. I think we are still going to be negative a few million but as far as what we have planned to expend, I think we will be right where we are supposed to be. The revenue with new products, it is hard to predict or project but I think we are where we budgeted.

EVANS: We had anticipated being in the negative because of the equipment purchases to upgrade the network. We budgeted that way because we had the capital plan.

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LAPOINTE: So no surprises?

EVANS: No surprises.

BRUNER: Thank you Mike. I think you have closed the gap.

CRUISE: Yes we did by .3% from December. We are slowly closing the gap.

BRUNER: We are very close.

■ **ACTION: Northwest AEA Internet Service Waiver - Randy Goddard**

The ICN received a waiver request of network use by a certified user from Jodi Ryan, the Chief Financial Officer (CFO) at Northwest Area Education Agency (AEA) for a 200Mb internet connection to their main office in Sioux City, Iowa. Historically, Northwest AEA has not had a direct internet connection to the ICN. They have been receiving internet through AEA 8 using an Ethernet pipe to connect. AEA 8 is a subscriber to the internet and Northwest AEA was acting as a tenant off of that agency. Like many other education facilities, with budget shortfalls, they are watching their spending. Compared to other AEA's who typically will see subscriptions of 1Gb or up to 5-6Gbs, this AEA has a 200Mb connection so it is 1/10th the size of any other AEA. Northwest AEA did complete an RFP process and received three responses. Based on their request, they used a scoring metric which the ICN always recommends. It came down to not all internet service providers being equal. The ICN is proud of the service and reliability as well as the pairing relationships that have been built. Northwest AEA set up their criteria on their metrics so that pricing was not the only thing that they were considering. The five areas of criteria were price of the product, past experience with the vendor, security of the connection, ability to provide growth and if the vendor is a local or state vendor. Based on those criteria, they received responses from three vendors: ICN, FiberComm and Windstream. Goddard stated that Northwest AEA did make note that they have had great experiences with all three companies in the past. They awarded equal points for each vendor since they are all state providers. The final award was based on the price of the product. When the price of the product is considered, ICN required a $500 installation fee and charges $705/month based on the level of service. FiberComm, who was selected as the vendor of choice, did not have an installation fee and their service fee was $550/month. The differentiation was the pricing.

COMMENTS:

LAPOINTE: Perhaps in a future meeting we could have a copy of the waiver rules before us. It is helpful for the Commission to review those rules. In general, it is my understanding that the Code of Iowa requires that we be competitive and if we are not, then these authorized users can apply for a waiver. Is the proper language, authorized users?

GODDARD: They are certified users.

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LAPOINTE: This is a certified user and your staff recommendation is that because the ICN is not competitive and it will not, in a major way, affect operations then we should approve this waiver? Is that correct?

GODDARD: It would be the ICN staff recommendation to approve this waiver. If it were within a couple of dollars, I think we would have more discussion but this is a $150 difference. I think that warrants the approval.

LAPOINTE: For some of those who haven't been involved in as many waiver requests as I have, we have fairly routinely granted these types of waivers. However, there have been occasions where they have not been granted. I believe it is the ITTC's sole authority to determine whether these rates are competitive. These rates don't seem that close as far as price but we could determine that this is competitive given the nature of our better service. Correct?

GODDARD: That is correct.

GRONER: Just a point of clarification with what the Commission has done in the past, we cannot find any documentation of a time that the Commission has declined a waiver. I think there was one time that a waiver was sent back to a customer because of either insufficient information or a timing issue but ultimately, that waiver request was re-submitted and approved.

LAPOINTE: The one I'm recalling was a group or presidents of an association who wanted a waiver for the whole association and we denied that one.

GRONER: That was for the Independent College Association. They wanted a group waiver for voice services at the time but ultimately they did get a waiver. Ultimately, private colleges decertified as certified users of the network through Iowa Code changes and they became authorized users at that point with no requirement for waiver requests to the Commission. You are correct. It is within the Commission's authority to grant that waiver.

LAPOINTE: I appreciate that background. I also recall that there were times when people came in with multi-year waivers and we didn't approve those but approved an amended request for a shorter term waiver.

GRONER: Previously the ICN may not have offered multi-year contracts but many years ago, I think around 2006 or 2008, we started offering contracts so then you could have an apples to apples comparison between the ICN and other vendors.

LAPOINTE: I just wanted to clarify all of that just to make sure I had the correct understanding of what we've been doing somewhat routinely for a while and you all agree with that being the general process of how we've done things, is that correct?

GRONER: Correct.

GODDARD: I will add, in the last two years I've been here, I think I've seen three waiver requests from certified users. The waivers have been very specific. It wasn't a general waiver for a carte blanche of our services, it was maybe one specific connection or long distance for a certain site. It was not a waiver away from all of our services.

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BRUNER: Thank you Randy. I think the last one we approved, the difference in cost was $2.50/month.

Chair Bruner requested a motion to approve Northwest AEA's waiver of network use by certified user for internet services provided by FiberComm at the AEA's main office located in Sioux City. Commissioner Holz moved to approve the waiver. Commissioner Lapointe seconded the motion. The motion passed unanimously.

     Commissioner Holz – Yes
     Commissioner Kohorst – Yes
     Commissioner Lange – Yes
     Commissioner Lapointe – Yes
     Commissioner Bruner – Yes

COMMENTS:

HOLZ: Looking at the numbers, if we weren't competitive here, how many other services are we not competitive on? Like this one, not the full range of services. Does this mean that there will be other waivers because we aren't competitive?

GODDARD: We analyze the range because in the 471 responses that we were able to see, we can see what the schools are putting out there for the internet. We try to take the mean out of the highs and lows because there are some providers that provide services at no cost within their community. We are not going to be competitive with that, other than the value and quality of our services. Then you have other providers that we've seen provide services 2-3 times higher than ICN's rates. We've looked at the high and low, analyzed that bandwidth that we have subscribers to because each year we report on the total amount of bandwidth. Then we look at the cost of providing the product to make sure that we do cover the cost of ICN acquiring those services as well as some of the pairing arrangements that make our services a little bit better. At that time, we're able to arrive at a cost that we feel is very competitive. Last year we had just completed our rates for our internet services across the board. Even with government services, we kept in line with Governor Branstad's 10% cut for agencies and we were able to reduce fees for state government and other government agencies. Education is our most competitive, especially certified users. For the lower bandwidth it is harder to break out the cost of that equipment that we know is being associated to a customer who is going to subscribe to 100Mb versus a 1Gb connection. So you'll see as the bandwidth increases, the per Mb cost shrinks so that's how we've balanced it in the past. Some of the lower rates, you're right, it looks a little bit higher. We also dropped port fees for the education customers. An example would be a $200 port fee. Even if the price is at $5/Mb, it's not competitive right away. So we dropped that port fee off, refigured it into the average cost per Mb so it made it more competitive.

HOLZ: Are we going to see more of these waiver requests or is this a unique level of service that was requested so that Fibercomm and Windstream both are more competitive for that service?

GODDARD: With the certified users, specifically the AEAs and community colleges, we have had no indication that any other user is looking to move away from our internet services. The other AEAs and community colleges are all in the 1Gb or greater rates where ICN is much more competitive for that

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lower bandwidth even though we repriced our rates. We're more competitive but I don't foresee any other requests coming right now.

LAPOINTE: I would just add and ask for input if anything I say is not accurate. My recollection is the ICN has always been concerned about opening the floodgates to subsequent waivers requests whenever we have granted one, especially when there has been a big disparity. However, I believe the staff has always been very responsive and has taken a very prompt approach to lowering rates to make them competitive as well as offering other services, bundling services and has had a history of very high quality customer service among the spectrum of services that the ICN provides so that people haven't jumped on the bandwagon and said "Hey! This AEA is saving money. We have to do the same." After they look at it, they have thought that our staff had been very spot on with the response, they decided not to do so or they had no reason to even think about it.

MOSIMAN: How often does the staff sit and evaluate the criteria to come up with ICN rates?

EVANS: We generally review it (rates) by services. Two years ago, we reviewed voice and that's why we moved to Managed Voice Services (MVS), to save customers money. We worked on that for a year and then we determined how that affects our budget because I still have to make enough money to operate. Last year we reviewed internet due to requests from AEAs and education especially. We sat down and we looked at the specific internet service and we reduced it by sometimes up to 80%. We could be competitive on those 470s. We understand that our Ethernet is still a little on the high end. I suggested that after our reduction to everyone across the board for internet, this last year I would like to see how our budget ends up with that. Next year, Randy and I have talked about addressing our internet pricing.

MOSIMAN: So rates are set but you look at them on an ongoing basis?

EVANS: Yes.

LAPOINTE: We approve the rates every year as a Commission.

GRONER: What the commission does approve is the video conferencing rates.

LAPOINTE: We approve the budget which contains the rates, so we approve the rates indirectly. Video we approve directly.

BRUNER: I think what we've done with the budget is divided it between voice, internet and other things so that we can look at them individually rather than as a whole. I think that's why we can determine pricing a little earlier.

EVANS: Exactly, that's part of the reason why we broke that out a little bit more into the services and expenses so that we can look at each service individually.

BRUNER: The cost for pricing, as Randy has already explained, we make sure we cover our costs.

LAPOINTE: Again, I would say that this has been a very regular report to the Commission. We hear this regularly when pricing is changed whether it's an action item or not, it's a part of the agency division update or the financial report. Randy Goddard, Mike Cruise or Deb Evans report these rate changes to

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keep competitive. Maybe it's in the context of a waiver report like this one. It's not something that's not reported to us on a regular basis.

BRUNER: I think too as we introduced new products, you also give us a very good report on how products will be priced, the cost for pricing and the current market. You're right Tim, we do get that information.

■ **Potential Action Item: Administrative Rule Changes - Deb Evans**

The ICN staff recommends a change to the Iowa Administrative Rules for Telecommunications and Technology 751.

Chapter 5 – Purchasing, Section 5.1.2. and 5.1.3. read as follows:

5.1(2) The commission shall avoid sole-source procurements unless clearly necessary and justifiable. The commission may purchase goods or services using a sole-source procurement under the following circumstances:

a.   The executive director or commission's designee determines that one vendor is the only one qualified or eligible or is quite obviously the most qualified or eligible to provide the goods or perform the services; or

b.   The goods or services being purchased involve work that is of such a specialized nature or related to a specific geographic location that only a single source, by virtue of experience, expertise, proximity to the project, or ownership of intellectual property rights, could most satisfactorily provide the service; or

c.   The commission is hiring the services of experts, advisors, counsel, or consultants to assist in any type of legal proceeding including but not limited to testifying or assisting in the preparation of quasi-judicial or judicial proceedings; or

d.   The federal government or other provider of funds for the service being purchased, other than the state of Iowa, has imposed clear and specific restrictions on the commission's use of the funds in a way that restricts the commission to only one service provider; or

e.   Applicable law requires, provides for, or permits the use of a sole-source procurement; or

f.   There is an immediate or emergency need for the item or service; or

g.   The item is maintenance services for the network for which the vendor supplies remote maintenance service for network components or software or the vendor supplies software upgrades, patches, modifications or the like electronically or for which the service will preserve equipment or software warranties; or

h.   The executive director or the commission's designee determines that the best interests of the commission will be served by exemption from the bidding process.

5.1(3) When the annual value of the contract exceeds $5,000 or when the estimated value of the multiyear contract in the aggregate, including renewals, is equal to or greater than $15,000, the commission shall complete a sole-source justification form. The executive director or the executive director's designee shall sign the sole-source justification form.

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The recommendation includes removal of the "h" sole source justification. Justification "h" refers to the executive director or the Commission making a determination in the best interest of the Commission and exempting the bidding process. Deb Evans stated that the ICN believes that the proper bidding processes need to be completed and standard state government sole source justifications need to be followed. The recommendation also includes changes to the language of 5.1.3. to require dual signatures for all sole source contracts creating a check and balance for all sole source contracts being approved.

COMMENTS:

GRONER: In the research we have done, we could not find any other state agency that had purchasing authority under their sole source language like item "h" of the ICN Administrative Rules. We just couldn't find any other language like that. The other language that our Administrative Rules has is similar to other agencies. Even though some of us had been here for a very long time, I cannot recall specifically why that language was included in the rules other than it might have been in there because of the nature of the build when the network was being built originally. There may have been some need or requirement to have that kind of flexibility. We certainly believe, and it's management/staff recommendation, that it would be prudent to remove that language.

LAPOINTE: I don't specifically recall that being added. When was it added?

GRONER: We do not know when it was added. My guess is that it was in the original Administrative Rules submission after the code was created.

LAPOINTE: It makes sense that we don't remember. That seems like it would be something worthy of discussion. The next comment I would make is that it does seem prudent to remove that and the two signatures is a good idea. We can't have a situation where the director is authorized to exempt anything in and of him/herself. I appreciate the background on that.

GRONER: Also, I think it was probably July or August of last year, Deb Evans and I did institute an internal policy to the ICN that required the sole source justifications to be signed by both the executive director and the CFO. However, that was just an internal policy that we put into place ourselves. It was not written into code, therefore, if someone wanted to come along and change that policy in the future, they could do that. By putting it into administrative code and requiring a signature, then of course it requires the Commission's approval to make any change to that.

LAPOINTE: Generally when we've had a request for an Administrative Rule change there has been a representative from the Attorney General's (AG's) office here to also sign off and give their seal of approval. Am I overestimating the amount of times they've been here to do that or is it just on certain things that they've been involved in? Should they be involved in this decision? It seems commonsensical and timely that we need to do this but I'm just wondering.

JOHNSON: I think when we looked at this in the past where there have been questions about legal drafting and the potential impact, we have reached out to the AG's office. In this particular instance, this is a fairly general wide open exception that again, no other agency appears to have and anything that we would typically be doing should be covered in terms of an emergency situation or with the other

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exceptions that we have currently within the Administrative Rules. We did not reach out to the AG's office on this particular item.

LAPOINTE: Do they ever proactively come to you or any of the staff and say "I think these rules need to be looked at for this reason?" It seems to me that we go to them, they don't come to us, is that right?

JOHNSON: We would typically go to them. I've never run into the situation where they have come to us but my guess would be that if they are aware of a situation that puts us at legal risk, that as our assistant AG assigned to the ICN, they would reach out to us regarding that issue.

LAPOINTE: Thank you.

BRUNER: So what we're basically doing is taking something that we've already implemented internally and putting it in the Administrative Rules so that in the future if it were to come up again, we wouldn't have a similar situation.

HOLZ: On the revised section, what is in blue is unchanged?

EVANS: Correct.

HOLZ: The yellow highlights indicate removing "h" out of 5.1.2. and then 5.1.3. is simply amending that language?

EVANS: Correct.

HOLZ: I have a proposed motion but as an agency we can't just change the rules. It has to go through the rulemaking process.

LAPOINTE: We are approving the recommendation.

EVANS: Yes, approving the recommendation.

Commissioner Holz moved to approve the amendments to the ICN Administrative Rules as distributed and recommended by ICN staff for submission to the rule-making process. Commissioner Lange seconded the motion. The motion passed unanimously.

> Commissioner Holz – Yes
> Commissioner Kohorst – Yes
> Commissioner Lange – Yes
> Commissioner Lapointe – Yes
> Commissioner Bruner – Yes

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COMMENTS:

GRONER: Mark, can you explain what the next step is regarding the Administrative Rule submission and what the next steps will be?

JOHNSON: We are in the rulemaking process right now in relation to the language that was passed last year during the legislative session. What we will do is take the proposed rule and submit it to the Governor's office for their review and approval, then it will be submitted jointly to the legislature and the Governor's office through the rules process. It will be published as a proposed rulemaking. There are a series of steps if you generically go through a rulemaking process. It takes roughly 180 days. There are some steps that you can circumvent if you don't feel like you need to have a public hearing. The rule making that we are currently in strikes law enforcement communications systems from our definition of services that we cannot provide and that was done by statute. Since we're simply pulling language out that was struck by the legislature, we are not planning to have a public hearing because it simply conforms to the statute. We will pick up some time. But generally, you can anticipate it to be about a 180 day process to get from proposal to final adoption and making it effective.

LAPOINTE: I want to commend staff for bringing this promptly to our attention. Would it not be prudent to approve the policy that has been implemented since it will be quite awhile before this actually gets implemented by amendment to the administrative code? I think we should approve the policy that has been implemented with regard to the two signatures as a Commission.

Commissioner Lapointe moved for the Commission to approve the internal policy that had been implemented requiring two signatures, as outlined in the proposed amendments to the Administrative Rules requiring approval by signatures, of both the ICN Executive Director and the Chief Financial Officer pending actual amendment of the rule. Commissioner Holz seconded the motion. The motion passed unanimously.

> Commissioner Holz – Yes
> Commissioner Kohorst – Yes
> Commissioner Lange – Yes
> Commissioner Lapointe – Yes
> Commissioner Bruner – Yes

- ○ **ICN Carrier Updates**

  - ■ **Carrier Division Update - Scott Pappan and Ryan Mulhall**

    PAPPAN - In the last month, ICN has updated the operations bridge and NMI software, which is a network management software. All traps have been moved to a virtualized platform, which will allow the ICN to move forward with an automated process and prepare for the future. The software will also automate the discovery and monitoring of the network so that it can be managed better. Pappan stated that the ICN is also moving forward with the 100Gb and power upgrades. In the next two-three months, the Capitol complex will be upgraded to 100Gb as well as the Joint Forces Headquarters (JFHQ), Lucas

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Building and Boone sites. The network is being green fielded on it's own network so that it can be tested before traffic is moved to it. Pappan stated that this is a huge step for the ICN. The ICN is also moving forward with Time-Division Multiplexing (TDM) sunsetting. TDM is now slated to be removed by July of 2019 and circuits will be moved off of the first sites. This will allow the ICN to move to sunset the Asynchronous Transfer Mode (ATM) network sooner. It also reduces the consumption of ATM and video network within the ICN infrastructure which then reduces power and costs moving forward. The video network and Motion Picture Expert Group (MPEG) network will be downgraded or sunsetted as of July of 2018. The ICN currently has 283 circuits left that are being removed, which furthermore supports discontinuing the ATM network.

COMMENTS:

BRUNER: We're getting rid of a lot of costly stuff.

PAPPAN: Yes we are. We are showing the world that we are evolving with our education customers and we are truly a broadband carrier network not just a video network.

BRUNER: Thank you.

MULHALL - The Security Bureau continues to develop partnerships with Pratum and Root9B for additional security services. The partnerships were procured using an RFP process and a sales kickoff meeting with Pratum will be held on February 21. Three products will be offered with the partnerships, a security monitoring service where Pratum will be able to monitor customers networks for security threats being made using a security information and an event management platform similar to the platform that ICN currently uses internally. The other two services are directly involved with incident response and forensics. The service will assist customers in case a security breach is found in that monitoring service or if the customer has discovered it on their own. The Roote9B partnership has not been finalized so products and sales have not been implemented yet. A couple examples of the products that ICN has in development with the Root9B partnership include a variety of penetration testing, security reviews, assessments and policy and program development as it relates to security. Pratum is a company based out of Ankeny, Iowa and Root9B is a company based out of Colorado Springs. Mulhall stated that a one year review will be done with LightEdge in relation to the managed firewall services to determine how to continue developing as well as refining and improving service. It took approximately one month during the last e-Rate cycle to promote the firewall services so more customers are expected to request services this year. The ICN is looking forward to continuing to build the partnership.

COMMENTS:

BRUNER: This is very timely. Cyber security is probably our biggest issue in the country right now.

- **Jekard Update - Ryan Mulhall**

ServiceNow deployment continues with the development and implementation of key workflows. Following the initial launch, the data circuit and hi-speed internet product workflows are approximately

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three weeks behind due to the importance of the workflows. All of the services that ICN offers are tied to a data circuit so ensuring a seamless experience for users as well as employees is critical. A user acceptance test was implemented with key personnel as well as Aeritae. Concurrently, the ICN has reached an agreement with Aeritae on the time and materials contract that was discussed in January for the maintenance and enhancement work. Mulhall stated that key enhancements are being made to make the ServiceNow portal, and overall system, easier to use for customers and employees. The Intent to Bid (ITB) for a new system vendor for the ServiceNow instance as it relates to the application, development, integration and implementation is in progress. Bids will be accepted until close of business on February 28. Once the contract is awarded, the current time and material agreement will conclude. There is a potential for overlap during the transition period.

COMMENTS:

BRUNER: Appreciate all of the work the group is doing. Thank you Ryan and Scott.

● Other Business:

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- ### ■ Legislative Update - Mark Johnson

ICN leadership continues to reach out to legislators to answer questions regarding the ICN audit report that was released in January as well as Senate File (SF) 2219, which was introduced to the Senate by Senator Zaun, for an RFP process for the sale/lease of the network. Phil Groner and Mark Johnson met with the chairs of the two oversight committees, Representative Kaufmann from the House of Representatives and Senator Breitbach from the Senate. The two had a number of questions. Groner and Johnson were invited to appear before the House Government Oversight Committee about a week after Auditor Mosiman appeared before the committee. Concern was expressed by the legislators who were present at that meeting. They asked fair questions and seemed very interested in figuring out what happened in relation to the issues included in the ICN audit report, how the incidents happened and trying to prevent the incidents from happening again. Overall, the committee appearance was a positive experience in terms of providing information and input to the legislators. ICN leadership will continue to reach out to the committee to address any additional questions and give the committee time to review the information provided as well as the ICN audit and determine if more details are necessary. Several members of the committee were not present for the meeting primarily due to inclement weather. Leadership we will also reach out to the absent members. The subcommittee on SF 2219 met and there were 7-8 different interests represented. Those in attendance were given the opportunity to make comments on the bill. The ICN also had the opportunity to provide comments. The Subcommittee then made their comments on the legislation. Senator Zaun, the sponsor of the bill who is also on the subcommittee, did indicate that he would be willing to meet with anyone interested to discuss the legislation. He indicated that he did not believe that the bill was perfect but that he would be willing to work with interested parties as the bill moves forward. The bill was passed by the subcommittee with a 2-1 vote with Senator Feenstra, the chair of the subcommittee voting with Senator Zaun, and Senator Bisignano choosing not to support the bill coming out of subcommittee. Groner and Johnson had a short conversation with Senator Dvorsky, a long time supporter of the ICN. Leadership typically reaches out to Senator Dvorsky on an annual basis to provide ICN updates because he has always been willing to support ICN initiatives and understands the value of the network to the state. Senator Dvorsky is on the

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Senate State Government Committee. He requested additional information and was aware that SF 2219 was slated to appear on the committee agenda. Johnson stated that the bill would likely be passed by the full State Government Committee because of the funnel date when bills have to be passed out of committee to continue to be active in their current form. Typically, a number of proposals will be passed out of the various committees with the legislators knowing that the bills need potential work to move them forward to final passage but they want the bills to be passed to continue discussion. Leadership has reached out to the subcommittee members again, offering to meet with them jointly or individually to discuss some of the issues involved in the sale/lease legislation. The subcommittee members will likely be contacted by other interests as well. February 13, 2018 was the annual Statewide Youth Broadband Advisory Council (SYBAC) day. Seven legislators participated. The students spent an hour at the state Capitol. Great dialogue was had between the legislators and students. There appeared to be some surprise as the students were discussing issues that they have with broadband in their areas. It was clarified that school broadband was acceptable, but broadband services at the students homes was not what they believed that they needed for all of the devices that they work with. Johnson stated that the discussion seemed to be a revelation for the legislators in attendance.

COMMENTS:

GRONER: SYBAC day was terrific and it was our third event. This was the first year that we had every student from the council join us in-person in Des Moines. We met at the Grimes State Office Building and took them over to the Capitol to meet with the legislators. After that, the Office of the Chief Information Officer (OCIO) was kind enough to give the students a tour of their new Security Operations Center. They got to see hands on, how the OCIOs office handles security issues for the state. We came back to the ICN, Scott Pappan gave the students a tour of the Broadband Information Center (BRIC) to display how we monitor the network and threats to the ICN. We ended the day with the normal monthly SYBAC meeting. The students discussed a number of technology topics of their choice and it was an excellent discussion. Commissioner Lapointe and Chair Bruner attended remotely. We received good responses from the students. They appreciated the event. We had several family members accompany the students and some of their school instructors attended as well.

PAPPAN: One thing I found interesting was that the students didn't realize the level of security and depth that we monitor the IPs and protect state government. They found it interesting that we average anywhere from 250-300 Distributed Denial of Service (DDoS) attacks or events per week, which in any given six months is anywhere from to 6,000-7,000 attacks. No one perceives the ICN as being a security aspect of the state yet we protect the state very well. The students asked where the ICN gets the technology. I told them that we didn't reinvent the technology, we followed the model used by Microsoft. The ICN follows the flow track and the A10 infrastructure that Microsoft has. I actually logged in and showed the students the events/attacks as they were happening and that caught their interest.

BRUNER: Excellent. I think the legislators probably don't understand that either. Those are two major protections that we provide.

MOSIMAN: How many students are involved in SYBAC?

GRONER: We have 15 students ranging from sophomores to seniors in high school.

BRUNER: My personal observation was that there were several students that are so far beyond anyone in terms of what they understand and it's just amazing. These kids have a much better understanding of

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technology than most of us. Phil Groner did a great job of keeping the discussion going but every topic was covered well. They really understand this stuff.

LAPOINTE: I was able to participate. My nephew is a representative from Mason City High School and I am proud of him. I thought that the breadth of knowledge and insight in technology and security issues that these kids have was incredible. I think we have a Commission and staff here that is supportive of bringing young people in like no other agency other than educational organizations and it's impressive. I commend these kids. Technology has been given almost innately to these young people, they get it. Our generation and older doesn't get it so well. We need to tap these brilliant young minds and figure out how they know these things. They grew up with the technology and we didn't. It's just impressive. Great minds. We've brought them into a discussion. I think those who organized the SYBAC should be commended. It was an impressive meeting. The kids were excited and this is the kind of thing that government needs to do more of, in my opinion. I want to commend Mark Johnson for his work on "the Hill." We have a long history at the ITTC and ICN of strong lobbyists for the cause of bridging the digital divide, which is why this network was first created - so that people in rural communities, education primarily, can have the same opportunities that people in urban communities have. We talked about that. The schools are the ones with the power of broadband, as it should be. That is why this was set up. That's so important. Tami Fujinaka was a great lobbyist for the ICN before Mark Johnson began. We have a situation where we not only have a skilled lobbyist but he has also taken over responsibilities as the Chief Administration Officer (CAO). We're in good hands and the staff represented themselves and the Commission well in their discussions with the legislators. I want to commend you all for the fine work you've done in explaining things. Letting everyone know that it's not as dire as it appears. Having said that, I talked to Scott Pappan before the meeting, I think we need to get the word out that this network is not like it was 20 years ago, costing taxpayers a lot of money. The state is not subsidizing the network like it was in its inception. When I began in 1999 and shortly thereafter, they put out a seven year plan to end the subsidization. That plan came to fruition. Then there was the cross-subsidization between services and there had been some funds that we've procured through government funding but I'd like to hear someone address that. We need to get the word out that the ICN isn't a gas guzzler like it was when it first was created.

GRONER: We have put together a fact sheet and part of our strategy is to educate the legislators on what the truth is about the ICN. One topic that we are educating on is our financial condition, that we have not used any debt for the operation of the network since we retired the debt in the mid-2000s. We do make money, we do generate and operate in positive operating revenue off of the network. The factsheet points out that we have done that seven of the last 10 years. Two of those years was because of Broadband Technology Opportunities Program (BTOP) funding, we could not account for about $2 million of revenue that was considered as our match. We could not consider that in our operating revenue because it was towards a match. Beyond those two years, every dollar that is earned, we reinvest into the network for upgrades, updates, maintenance and improvements to the network. We have ended our appropriation requests. We consider what we've received fairly minimal at approximately $2.2 million going directly towards infrastructure improvements on the Capitol complex for the voice system and disaster recovery. The other half went to the MPEG system for support of the e-Rate program. Now that we are moving to managed voice, we no longer need that appropriation. We're moving to where we don't have to capitalize equipment and have that purchase every 7-10 years. On the e-Rate, the MPEG is being phased out, we no longer need that money. We feel very, very strongly about our financial condition and how we continue to manage that financial condition.

BRUNER: Another thing that people don't realize is that we bill about $30 million or more, $20 million goes back to our public private partnerships like CenturyLink, our part III's and Aureon. If you think about

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it in those terms, for every dollar that we take in, about 2/3 of that goes back to a company here in iowa. I don't think that's generally understood as well.

LAPOINTE: Good point.

MOSIMAN: One thing I wanted to make sure that the Commission was aware of, during my time in front of the Oversight committee, the questions that I could not answer adequately in front of the committee members had to do with the Commission. The three key questions were 1.) do new commission members receive any type of training or any type of orientation when they are appointed to the Commission? I could only speak for myself. I could not answer that question adequately. The other two questions had to do with the executive director: 2.) do we do background checks for the executive directors? I did not know the answer to that. 3.) Do we do any type of annual evaluation of the executive director? Those were three questions that I know I left the Oversight Committee with unsatisfactory answers.

LAPOINTE: I can talk about the training. When I first began in 1999, Tommy Thompson was fanatical about training. We had 4-5 hour one–on-ones with Tommy as Commissioners. I'm sure I'm the only one left on the Commission from those days but I'm quite certain the Code doesn't mandate any specific orientation. However, it might be something to look into again. Mark Schoeten, former commissioner who had an affinity toward the technical side of things, he wanted to learn more so he started going to trainings to learn the nuts and bolts. I attended many of the same trainings. I went to a two day seminar up in Minneapolis. I didn't learn as much as Mark did because he knew more about it to begin with but it was helpful to get the concepts that the staff talks about in a framework that was understandable. That is something maybe we could look at again. It's not required but maybe it's something we could talk about.

GRONER: I do recall, several years ago, we put together large manuals for incoming commissioners that covered every aspect of the ICN from financial, technology, customers, the Iowa Code and the Administrative Rules. I believe we even walked through the manuals with the Commissioners. I don't recall if any of the current Commissioners had that opportunity or not?

KOHORST: I absolutely did. I had a manual, binder that was about three inches thick. We went through every aspect of that at the time that I was appointed to the Commission. It was more than a morning. It was part of a morning and part of the afternoon just going through the manual because I would have been lost with the alphabet soup.

LANGE: I received a binder, which I have but also Ric Lumbard went through a PowerPoint presentation with me about the history of the ICN. I believe maybe Mark Johnson was there as well. I had the history of the ICN through a PowerPoint.

GRONER: Also regarding the background issue, I believe the Commission, certainly for the last three executive directors, went through an executive search. Previously, I believe an outside firm was used and most recently, the Department of Administrative Services - Human Resources Enterprises (HRE) was used. In terms of background checks, if those organizations would have done background checks on the applicants, that would have been performed during the executive search.

LAPOINTE: That's right. They narrowed the field for us, I was on all three of those search committees. They narrowed the field down to a few, not so many were interviewed by the search committee. Commissioner Lange was on the search committee the last time.

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BRUNER: I was as well. We relied on HRE for that. We had them come up with five applicants then they narrowed it to three when we had the interviews but it never really came up about any kind of a background check.

LAPOINTE: We knew it had already been vetted through the process. Like Phil Groner said, someone else had already done that for us. Then the ones where we hired private search firms, they had already done that for us.

BRUNER: So, I don't know how well it was done but it was done.

LAPOINTE: What was your third question or issue?

MOSIMAN: The annual evaluations of the director.

BRUNER: That was my responsibility. I did an annual review with Ric Lumbard at least once and I got Mark and others involved. I tried to get a sense from the Commission, at that point in time, of how he was performing. It went to the Governor's office, and the Governor's office then determined the amount.

MOSIMAN: Okay.

LANGE: I have one other question related to SYBAC. I listened in on the meeting and the topics. I felt the same way as most of you did. The topics ranged from cyber attacks, the Olympics, solar and wind power and iPhones. All things that I wasn't thinking about when I was a teenager. Can you remind me of how many times a year the students meet?

GRONER: We meet once a month during the school year. I believe it's September through May for one hour each month, through video, except for the month of February where we invite the students to come into Des Moines.

LANGE: Is there anything that we do with the information that they talk about? Does the ICN use the information for anything?

GRONER: Certainly, one of the things that we have been exploring is giving them some opportunities and we're talking with the OCIOs office about eventually creating a cyber internship program. For the seniors maybe going into college or looking at that as a career, we'd like to offer that opportunity to them as well to apply for some kind of internship. One of the goals of course is to help the state retain that talent and get people in the state to stay and work in Iowa. We feel SYBAC is a good means to help promote that idea of staying here in Iowa and working here in Iowa.

LANGE: Thank you.

BRUNER: I think the idea of an internship really makes a lot of sense. These kids can really provide a lot of great information that we wouldn't get otherwise.

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■ **ICN Organizational Changes - Phil Groner**

The ICN has been operating under an interim-organizational structure for the past seven months. Temporary changes were necessary at the time. Due to the changes in the network and other requirements, a draft organizational chart was submitted to the Commission to seek input. The ICN is currently maintaining two divisions: the Agency Division and the Carrier Division. Changes are being made for employees who report directly to division administrators and to the bureau structure that is in place for Carrier Services. The organizational chart did not provide detail in relation to the individual bureau structures. The bureau managers will be creating their own, internal organizational charts. The bureau organizational charts will be submitted to the Commission when completed.

Proposed modifications:
- Contracting/purchasing officers will report directly to Deb Evans, Chief Financial Officer (CFO). Evans will be responsible for contracting and purchasing. Last year, the Commission approved the Chief Operating Officer (COO) having primary signing authority for contracts. Mark Johnson's title will change to COO instead of Chief Administrative Officer (CAO) and he will be the primary individual signing contracts to add a level of control. Jontell Harris, Executive Officer 2, would report directly to Deb Evans to continue duties as ITTC Administrator and business analyst functions.
- No changes will be made to the Finance Bureau, managed by Mike Cruise, other than the contracting officers reporting directly to Deb Evans.
- The Public Information Liaison and Media staff will report to Randy Goddard, Business Services Bureau Manager. No other changes will be made to the Business Services Bureau.
- Mark Johnson would continue to direct the Engineering and Operations Bureau, managed by Scott Pappan. Ryan Mulhall would acquire additional responsibilities as Network Services Bureau Manager. Mulhall currently manages Security and Systems Administration as well as Jekard in conjunction with Vicki Wallis, Jekard Program Manager, who will now report directly to Johnson. Mulhall will also now manage the Technical Assistance Center (TAC) staff as well as Outside Plant staff.
- Field Operations staff will be under the Engineering and Operations Bureau, managed by Scott Pappan.
- The ICN will be converting back to a more traditional telecommunications naming convention in terms of operations, engineering, network services and finance bureaus. The organizational changes will not result in any staff promotions or DAS position changes.

COMMENTS:

LAPOINTE: Thank you for sharing this with us. We receive these staffing changes periodically. Can you tell me how often? I don't recall these changes ever being action items or that we need to vote on the changes.

GRONER: Previously, the organizational changes have not been voted on by the Commission. My preference is that the Commission will review and vote on the changes. I think that will elevate any organizational changes to make it more visible and also potentially reduce the number of ICN organizational changes. In the last few years, the ICN has experienced numerous organizational changes, maybe even a change every six months. My experience is that it may be too much for staff.

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JOHNSON: The ICN Administrative Rules do provide for, and most agencies have, the administrative description of the organization. It's very general and high level. Ours has not been adjusted obviously because we've had a number of changes that have been made. It has been awhile since the description has been adjusted. I think it now still has an administrative division as well as an engineering and operations division. Once we complete a final version, we will provide an amendment to those rules that describes our organizational structure at a high level so that we don't have to go in and make modifications every six months.

LAPOINTE: Sounds good,

BRUNER: I know Phil Groner and I talked about this and maybe it would make sense to vote on it because this is a critical part of the organization. When changes are made at the very top, it might be good for the Commission to go ahead and approve it through a vote. Would this be the time to approve the changes?

JOHNSON: That would be up to the Commission whether or not they wanted to do it now or take a look at it and come back next month. That is up to whatever you are comfortable with.

BRUNER: This isn't going to change much is it?

GRONER: It would not change in a month. This is our proposed organization structure for the ICN at a high, division and bureau level. If the Commission wanted to look at it and review it over the next 30 days, we would not make any changes to this and come back next month to answer any questions you have. You can approve it at that time if you are comfortable with it.

LAPOINTE: I think that might be prudent. We have an open door policy. If any staff has any comments or suggestions for the Commission, we want to hear them. Let's vote on this next time.

GRONER: It is not going to change any of the ICN's operations if you do not vote on this today.

BRUNER: I think the point is that we should vote on it whether it be today or next month. In our previous experience, we need to have more control over the organizational chart than we have had in the past.

LAPOINTE: I'm not trying to disparage the leadership team. I think everyone is dong a terrific job. I just want to repeat the open door policy that I and the rest of the Commissioners have. Please let us know if you have suggestions.

BRUNER: I think we all second that. After all that we've been through, we need an early warning system.

MULHALL: I appreciate the open door policy. The staff was encouraged to and did provide input on the organizational changes.

LAPOINTE: I'd hoped and assumed that was the case.

HOLZ: In terms of the Administrative Rules, my recollection was that for all state agencies, there was a five year review of all of the rules. When was the ICN's five year review?

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JOHNSON: The review was completed last year. The original language went into effect in 2012. The first round of five year reviews was due in 2017. I will forward the report to the Commission so that you have the chance to look at that again.

HOLZ: I was curious when ours came up for a full review. It was accomplished before I got here.

JOHNSON: It's an ongoing review and then there is the report that is due every five years. We came to the end of our five year period last summer.

HOLZ: So our rules should be clean as of last year.

JOHNSON: More or less.

BRUNER: Phil Groner and Mark Johnson, thank you for keeping the Commission informed of what is going on at the legislature. I really appreciate the factsheet and the summaries that you've given us. You keep us relatively up to date with what is going on at the legislature. Your emails are very helpful.

LAPOINTE: I've recommended that we go back to having subcommittees where the Commission meets with staff on various items including rate setting, budget and other areas. We did this for a brief time under Tommy Thompson. I don't think that the other directors did this and it wasn't mandated, it's discretionary to do so. The Telecommunications Advisory Council (TAC) was disbanded using the discretion of the Council and that was fully discussed at that time. I'm not saying we should bring that back per se, but we should have some subcommittees where the Commission meets with staff. I think Phil Groner maybe put together a recommendation for what committees there are and we will assign Commissioners at random. We can sit in at random on some of these processes involved with these recommendations that come before the Commission. It also makes the Commission meetings more efficient because you have a recommendation from a Commissioner then you don't need to go into as much detail. In light of what has gone on, we should do that. It's not an action item that we need today but I would like to see staff get us something on that as a proposal. For transparency, I think we should invite legislators to come to one of our meetings. Years ago, we divided things into Information Technology and Telecommunications for a period of time. I briefly became the chairman of the Information Technology Council on the ITTC side. We routinely had legislators come to our meetings and it was really good for rapport with some of those who really did not agree with the whole concept. They got to see, first hand, the efficiency and hard work that was put in and came to respect us. Some of them became supporters after that. I think that any legislator that comes to our meetings would be impressed by the quality of the staff and the Commission. For transparency, I think we should invite them.

BRUNER: Those are good suggestions. Maybe the staff could work on that with Commissioner Lapointe in order to figure out a way to do it that is not burdensome for staff. The important thing is that the Commission get more involved in the decision making and managing the process. That was clear in the audit. I think that would be the goal, to find a way to get the Commission more personally involved in the decision making.

HOLZ: Looking at the notice of the meeting and the notices that we've had. Today we had a rule amendment come up. On the agenda it says "Potential Action Item" which doesn't tell anybody anything. It was really the consideration of a rule amendment. We have a drafted rule amendment. When we have potential action items, I don't mind the title but include either the subject matter or the action that is being requested. If there are rules that we're going to be asked to look at, then they should be submitted at the

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time so that the public would have them and the Commission would have them prior to the meeting. When we have a meeting agenda, we should at least have a notice of what is there.

BRUNER: Great suggestion. The other thing that we need to consider now is an executive director search. I think we should get that process going. I'll work with whoever we have at HRE now. Is it Steven Zimmerman? If that's okay with the Commission, we'll start the process. If anyone is interested in serving on a subcommittee to review the candidates, let me know. Last time it was Commissioners Lapointe, Lange and I.

HOLZ: I move it.

LAPOINTE: I would be happy to but if you want to go with someone new, I wouldn't take offense.

BRUNER: The purpose here is just to let you know that the time is appropriate to start the search. Phil Groner has been active executive director for a number of months and I think we need to move ahead.

LAPOINTE: Does that require a motion to start the search?

BRUNER: I think it's more a matter of letting the Commission know that we're going to start the process. It has been a good meeting, discussion wise.

● **Adjournment:**

Commissioner Kohorst moved that the meeting be adjourned. The ITTC meeting adjourned at 11:59 AM.

ATTESTED TO:

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Richard Bruner, Chair, Iowa Telecommunications and Technology Commission

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